

Message Text

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45

ORIGIN IO-13

INFO OCT-01 AGR-05 CSC-01 AF-08 ARA-06 EA-07 EUR-12 NEA-10

CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03 NSAE-00 NSC-05

PA-01 PRS-01 SP-02 SS-15 USIA-06 COME-00 EB-07 TRSE-00

OMB-01 ABF-01 SIG-01 SAM-01 SAJ-01 ACDA-07 OES-06

CU-02 ORM-02 DHA-02 AID-05 HEW-04 SIL-01 LAB-04 MMO-01

STR-04 OPR-02 A-01 IGA-02 FS-01 ISO-00 /165 R

DRAFTED BY: IO/UN/BAPS:FPMCCORMICK:IO/SEC:RVHENNES

IO:LEWIS

TREAS:CROSS DRAFT CSC:JONES DRAFT

EA/RA:MCNUTT DRAFT AF/I:WHITING DRAFT

ARA/PLC:MOSKOWITZ DRAFT ARA/USOAS:BETZIG DRAFT

EB/ODF:THOMAS DRAFT EUR:GOOTT DRAFT

NEA/RA:SEMAKIS DRAFT IO/EX/IR:CARROLL DRAFT

IO/UN/BAPS:SOUTHWORTH

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R 120207Z AUG 76

FM SECSTATE WASHDC

TO ALL DIPLOMATIC AND CONSULAR POSTS

INFO AMEMBASSY LONDON

AMCONSUL MONTREAL

AMEMBASSY PARIS

USMISSION OECD PARIS

USMISSION NATO

AMEMBASSY ROME

USMISSION USUN NEW YORK

AMEMBASSY VIENNA

USMISSION IAEA VIENNA

XMT AMEMBASSY BEIRUT

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FODAG NESCO UNIDO

LONDON FOR SHIPPING ATTACHE; MONTREAL FOR ICAO

EO 11652: NA

TAGS: AORG UN

SUBJECT: OVERCOMPENSATION OF EMPLOYEES OF INTERNATIONAL ORGANIZATIONS

1. AMERICAN PUBLIC OPINION, CONGRESS, AND THE EXECUTIVE BRANCH OF THE U.S. GOVERNMENT HAVE BECOME INCREASINGLY CONVINCED THAT BOTH PROFESSIONAL AND GENERAL SERVICE EMPLOYEES OF INTERNATIONAL ORGANIZATIONS ARE BEING OVERCOMPENSATED.

2. WE BASE THIS CONVICTION THAT EMOLUMENT LEVELS FOR PROFESSIONAL EMPLOYEES OF INTERNATIONAL ORGANIZATIONS ARE TOO HIGH ON A COMPARISON OF THESE LEVELS WITH THE HIGHEST PAID NATIONAL CIVIL SERVICE (PRESENTLY THE UNITED STATES). THIS BASIS OF COMPARISON (THE NOBLEMAIRE PRINCIPLE) WAS FIRST ESTABLISHED BY THE LEAGUE OF NATIONS. IT IS THE MOST GENERALLY ACCEPTED STANDARD FOR MEASURING EMOLUMENT LEVELS FOR PROFESSIONAL EMPLOYEES OF INTERNATIONAL ORGANIZATIONS AND WE HAVE EVERY REASON TO BELIEVE THIS STANDARD WILL BE ENDORSED BY THE INTERNATIONAL CIVIL SERVICE COMMISSION IN ITS REPORT TO THE UN GENERAL ASSEMBLY THIS FALL.

3. THE CONCLUSION THAT GENERAL SERVICE EMPLOYEES OF INTERNATIONAL ORGANIZATIONS ARE FREQUENTLY OVERCOMPENSATED (E.G., UN SYSTEM EMPLOYEES IN GENEVA, IMCO EMPLOYEES IN LONDON) IS BASED ON THE CRITERION OF BEST PREVAILING LOCAL CONDITIONS OF EMPLOYMENT. THIS CRITERION IS SIMILAR TO THAT USED BY THE UNITED STATES IN HIRING FOREIGN SERVICE LOCALS. ALTHOUGH WE HAVE NOT BEEN ABLE TO COMPARE COMPENSATION OF FOREIGN SERVICE LOCALS WITH THAT OF INTERNATIONAL ORGANIZATION PERSONNEL IN ALL CASES, UHEREVER WE HAVE DONE SO WE HAVE FOUND THE GENERAL SERVICE EMPLOYEES OF INTERNATIONAL ORGANIZATIONS TO BE OVERCOMPENSATED. THE LIMITED OFFICIAL USE
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JOINT INSPECTION UNIT OF THE UNITED NATIONS HAS IDENTIFIED A PARTICULARLY FLAGRANT CASE OF EXCESSIVE PAY INCREASES RECENTLY DEMANDED BY UN SYSTEM GENERAL SERVICE EMPLOYEES IN GENEVA.

4. A SPECIFIC EXCESS THAT HAS UNJUSTIFIABLY INFLATED THE COMPENSATION OF EMPLOYEES OF INTERNATIONAL ORGANIZATIONS IN MANY CASES IS FULL REMUNERATION FOR INCREASES IN THE COST OF LIVING. CONGRESSIONAL SPOKESMEN HAVE TERMED IT PARTICULARLY ANOMALOUS THAT SERVANTS OF INTERNATIONAL ORGANIZATIONS PRESUMABLY DEDICATED TO THE WELFARE OF THE WORLD SHOULD SEEK TO BE TOTALLY INDEXED AGAINST CHANGES

IN THAT WORLD. WE HAVE SUCCESSFULLY OPPOSED AN ATTEMPT AT FULL ACROSS THE BOARD AUTOMATIC INDEXING FOR NATO AND OECD EMPLOYEES AND FOR EMPLOYEES OF THE WORLD BANK AND INTERNATIONAL MONETARY FUND. UN SYSTEM EMPLOYEES, HOWEVER; CURRENTLY RECEIVE POST ADJUSTMENTS WHICH COMPENSATE IN RESPECT TO BOTH PLACE AND TIME (THE BASE BEING NEW YORK IN 1969). WE CAN UNDERSTAND THE USE OF POST ADJUSTMENTS TO EQUALIZE REAL INCOMES FOR COMPARABLE WORK PERFORMED AT DIFFERENT LOCATIONS IN THE UN SYSTEM, BUT WE CANNOT ACCEPT A BUILT-IN FULL COMPENSATION FOR INCREASES IN COST OF LIVING. IN THE UNITED STATES, FOR EXAMPLE, THE SALARIES OF CIVIL SERVANTS FOLLOW CHANGES IN SALARY LEVELS IN THE PRIVATE SECTOR. PRIVATE SECTOR SALARIES IN THE U.S. ARE INFLUENCED BY THE GENERAL STATE OF THE ECONOMY, UNEMPLOYMENT LEVELS, AND MARKET FORCES AS WELL AS BY THE COST OF LIVING. FYI: THE U.S. IS SERIOUSLY CONSIDERING MOUNTING AN ATTACK AT THE NEXT GENERAL ASSEMBLY AGAINST THE UN SYSTEM'S PRACTICE OF 100 PERCENT INDEXATION AGAINST THE COST OF LIVING. END FYI.

5. YOU ARE BEING PROVIDED THE FOREGOING INDICATION OF U.S. ATTITUDES SO THAT YOU ARE AWARE OF THIS INCREASINGLY SERIOUS PROBLEM AND ACCORDINGLY MAY, IN DISCUSSIONS WITH OFFICIALS OF THE HOST COUNTRY'S MINISTRIES OF FOREIGN AFFAIRS AND TREASURY, APPROPRIATELY REFLECT U.S. VIEWS ON THE COMPENSATION OF EMPLOYEES OF INTERNATIONAL ORGANIZATIONS. AT A LATER DATE, WE WILL WISH TO MAKE A HIGH LEVEL APPROACH SEEKING SUPPORT FOR A POLICY OF RESTRAINT IN COMPENSATING EMPLOYEES OF INTERNATIONAL ORGANIZATIONS AND LIMITED OFFICIAL USE
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TO URGE THAT THIS SUPPORT BE TRANSLATED INTO GOVERNMENTAL POSITIONS IN THE RELEVANT GOVERNING BODIES OF THE INTERNATIONAL ORGANIZATIONS CONCERNED. FYI: WE HAVE HAD GOOD SUCCESS IN THE PAST IN PERSUADING CAPITALS TO FAVOR OUR POLICY OF RESTRAINT BUT HAVE FOUND REPRESENTATIVES ON THE SPOT RELUCTANT TO OPPOSE IMPROVEMENTS IN THE EMOLUMENT PACKAGES PROPOSED TO GOVERNING BODIES. HOWEVER, SECRETARY OF THE TREASURY SIMON HAS PERSONALLY APPEALED TO KEY OFFICIALS IN CAPITALS AGAINST EXCESSIVE REMUNERATION FOR PERSONNEL OF THE WORLD BANK AND INTERNATIONAL MONETARY FUND AND HIS INTERVENTIONS, WHICH A NUMBER OF ADDRESSEE POSTS HAVE SUPPORTED, HAVE MET WITH CONSIDERABLE SUCCESS. END FYI.

6. IN DISCUSSING THIS ISSUE WITH HOST COUNTRY OFFICIALS OF THE TREASURY OR MINISTRY OF FOREIGN AFFAIRS, POSTS MAY STRESS THAT EMOLUMENT LEVELS ARE NOT AN ISSUE BETWEEN DEVELOPED AND DEVELOPING COUNTRIES. IT IS TO EVERYONE'S INTEREST TO HAVE THE PROGRAMS OF INTERNATIONAL ORGANIZATIONS CARRIED OUT WITH EFFICIENCY AND ECONOMY. IF SALARY

LEVELS ARE RESTRAINED TO REASONABLE LEVELS, DEVELOPING AND DEVELOPED COUNTRIES RECEIVE MORE PROGRAM FOR THE SAME AMOUNT OF MONEY. ANOTHER POINT TO EMPHASIZE IS THE GENEROSITY OF INTERNATIONAL ORGANIZATION AFTER-TAX EMOLUMENTS EVEN WHEN COMPARED WITH THE BEST PAID NATIONAL CIVIL SERVICE, THAT OF THE UNITED STATES. TO SUPPORT THAT POINT IN AN EYE-OPENING WAY, OFFICIALS MIGHT WELL BE ENCOURAGED TO MEASURE LEVELS OF COMPENSATION IN THEIR OWN GOVERNMENT SERVICES AGAINST THOSE OF EMPLOYEES OF INTERNATIONAL ORGANIZATIONS.

7. IN THOSE CASES WHERE POSTS DISCUSS EMOLUMENT LEVELS WITH HOST COUNTRY OFFICIALS, WE WOULD APPRECIATE REPORTS BY TELEGRAM SO THAT WE MAY TAKE HOST COUNTRY REACTIONS INTO ACCOUNT IN FORMULATING OUR TACTICS ON THESE SUBJECTS AT THE FORTHCOMING UN GENERAL ASSEMBLY OR WHEREVER SALARY INCREASES FOR INTERNATIONAL ORGANIZATION EMPLOYEES MAY BE UNDER CONSIDERATION. ROBINSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 15 SEP 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: KelleyW0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE200234
Document Source: ADS
Document Unique ID: 00
Drafter: IO/UN/BAPS:FPMCCORMICK:IO/SEC:RVHENNES
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D760310-0228
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t197608103/baaeptt.tel
Line Count: 183
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: KelleyW0
Review Comment: n/a
Review Content Flags:
Review Date: 29 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 MAR 2004 by greeneet>; APPROVED <03 AUG 2004 by KelleyW0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: OVERCOMPENSATION OF EMPLOYEES OF INTERNATIONAL
TAGS: AORG, UN
To: ALL DIPLOMATIC AND CONSULAR POSTS INFO LONDON
MONTREAL
PARIS
OECD PARIS
NATO
ROME

USUN N Y
VIENNA
IAEA VIENNA
XMT BEIRUT
PEKING
VIENTIANE
Type: TE

Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006